

Message Text

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PAGE 01 COLOMB 00992 031105Z
ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 ISO-00
L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00
AID-05 CIAE-00 COME-00 INR-10 IO-13 LAB-04
NSAE-00 OIC-02 SIL-01 STR-07 TRSE-00 CEA-01 SS-15
OES-07 /142 W

-----102372 031109Z /21

P 031030Z MAR 78
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC PRIORITY 9689
INFO USMISSION GENEVA PRIORITY

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E.O. 11652: N/A
TAGS: EFIN, CE

SUBJ: UNCTAD TDB MINISTERIAL AND DEBT

REF: (A) STATE 52012; (B) STATE A-451

1. REFTEL RECEIVED AFTER SRI LANKAN DELEGATION HAD DEPARTED FOR GENEVA. DELEGATION HEADED BY FINANCE MINISTER RONNIE DE MEL ACCOMPANIED BY DR. L.E.N. FERNANDO, DIRECTOR OF PRICE AND WAGES POLICY, MINISTRY OF FINANCE.

2. UPON RECEIPT OF REFTEL, EMBOFF PREPARED INFORMAL PAPER BASED ON PARAS 5-9 AND SENT IT, ALONG WITH A COPY OF THE US/EC DEBT PROPOSAL ENCLOSED WITH REFAIR, TO W.S. NANAYAKKARA, DEPUTY DIRECTOR, ECONOMIC AFFAIRS DIVISION, MINISTRY OF FINANCE, WHO IS BACKSTOPPING SRI LANKAN DELEGATION.

3. ON MARCH 3, ECON OFFICER MET WITH NANAYAKKARA WHO SAID HE HAD READ THE PAPER AND FOUND MANY POINTS OF AGREEMENT BETWEEN SRI LANKAN AND US/EC THINKING. SRI LANKA RECOGNIZES
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PAGE 02 COLOMB 00992 031105Z

THAT EACH COUNTRY'S DEBT PROBLEMS ARE DIFFERENT AND A BLANKET SOLUTION IS NOT THE BEST WAY TO DEAL WITH THESE PROBLEMS. WHILE SOME FORM OF DEBT RELIEF WOULD BE VERY HELPFUL, SRI LANKA'S MAIN CONCERN IS TO ACHIEVE A NET INCREASE IN THE TRANSFER OF RESOURCES. NEVERTHELESS, AS THE AID CONSORTIUM'S RESPONSE TO SRI LANKA'S REQUEST FOR MOR AID HAS BEEN MOST FAVORABLE, SRI LANKA IS NOT PRESSING FOR DEBT RELIEF AT THIS

TIME. THIS WAS THE GENERAL POSITION TAKEN IN THE MINISTER'S NEGOTIATING INSTRUCTIONS.

4. NANAYAKKARA SAID SRI LANKA WOULD MAINTAIN A LOW PROFILE AT THE GENEVA DEBT TALKS. HE INDICATED THAT HE DID NOT EXPECT MUCH WOULD COME OUT OF THE CONFERENCE. THE WORST THAT COULD HAPPEN FROM SRI LANKA'S POINT OF VIEW WOULD BE A CONFRONTATION TO DEVELOP BETWEEN THE G-77 AND THE US/EC. HE DID NOT THINK THIS LIKELY, HOWEVER, AS G-77 OPINION IS DIVIDED ON THE DEBT ISSUE. HE POINTED OUT, HOWEVER, THAT IT WOULD BE DIFFICULT FOR SRI LANKA TO GO AGAINST A G-77 CONSENSUS SHOULD ONE DEVELOP.

5. IN LOOKING AT ITS OWN DEBT SITUATION, SRI LANKA DOES MAKE A DISTINCTION BETWEEN ODA AND COMMERICAL DEBT. NANAYAKKARA EXPRESSED THE VIEW THAT UNILATERAL ACTION BY ODA CREDITOR COUNTRIES, ALONG THE LINE OF SWEDEN AND CANADA, WOULD GO A LONG WAY TOWARD SOLVING DEVELOPING COUNTRIES' DEBT PROBLEMS. WRIGGINS

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Message Attributes

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Decaption Date: 01 jan 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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